

For Release: 11 September 2026

Tight supply supports lamb market outlook

Tight sheep and lamb supply is shaping Australia's sheep industry, with slaughter numbers significantly lower than a year ago and recent widespread rainfall likely to influence producer decision-making this spring.

According to ANZ's latest *Agri InFocus* report, lamb slaughter is down more than 13 per cent year-on-year, while mutton throughput has fallen 38 per cent as reduced breeding ewe numbers and ongoing ewe retention continue to constrain supply.

ANZ Associate Director of Agribusiness Insights, Alanna Barrett said the decline in processing volumes highlights the extent of the current supply squeeze.

Recent rainfall across southern New South Wales and parts of Victoria and South Australia could further restrict short-term supply by encouraging producers to retain breeding ewes and hold lambs to heavier weights.

"The widespread August rainfall has significantly improved seasonal conditions across some of our key sheep-producing regions, which may encourage producers to retain more breeding ewes or carry lambs to heavier weights, which could delay the peak flow of new season lambs and support prices through spring," Ms Barrett said.

Australian lamb and mutton exports remain under pressure from lower domestic supply, with lamb exports tracking around 11 per cent below last year's levels. While Middle East shipments have contracted sharply, demand from Asia and the United States has remained resilient.

"Exports to China, South Korea, and other North Asian markets continue to perform strongly and are helping offset weakness elsewhere. At the same time, the United States remains Australia's largest lamb market, with demand holding firm despite high pricing," Ms Barrett said.

According to the report, ongoing geopolitical instability in the Middle East, combined with reduced available supply, has been the largest contributor to the decline in Australian lamb and mutton exports this year, with the region accounting for the majority of Australia's year-on-year export decline.

However, global demand remains robust, particularly given prices continue to sit near historic highs.

Looking ahead, the industry is closely monitoring the United States investigation into lamb imports, which could have implications for Australia's largest export destination.

"The United States market is critical for Australian lamb exporters. Any additional trade barriers would create uncertainty for the industry at a time when supply remains tight and alternative markets may be challenged to absorb significantly larger volumes.

"For producers, underlying market fundamentals are expected to remain supportive throughout spring. The combination of limited sheep numbers, robust international demand, and solid early spring pasture conditions should continue to underpin favourable pricing for the near term," Ms Barrett said.

Further insights are available in the Spring 2026 edition of ANZ's *Agri InFocus* Commodity Insights report.

For media enquiries contact:

Sophie Clausen
Public Relations Advisor
Tel: +61 479 033 226

Kate Power
Public Relations Manager
Tel: +61 481 547 556